

MINUTES

Key Largo Wastewater Treatment District (KLWTD) Board of Commissioners Meeting



February 19, 2008
98880 OVERSEAS HWY, KEY LARGO, FL 33037

The Key Largo Wastewater Treatment District Board of Commissioners met for a regular meeting on February 19, 2008 at 4:00 PM. Present were Chairman Gary Bauman, Commissioners Andrew Tobin Susan Hammaker, Norman Higgins, and Claude Bullock. Also present were the General Manager Charles F. Fishburn, District Counsel Thomas M. Dillon, District Clerk Carol Walker, and all other appropriate District Staff.

The Pledge of Allegiance was led by Chairman Bauman.

APPROVAL OF AGENDA

Charles F. Fishburn, General Manager, moved the Deep Well Bid and the Treatment Plant Process Tanks Bid to the front of the agenda. Thomas Dillon, District Counsel, cancelled the Closed Session for Calusa Campground.

Motion: Commissioner Higgins made a motion to approve the Agenda as amended. Commissioner Bullock seconded the motion.

Vote on Motion

Member	Yes	No	Other
Chairman Bauman	X		
Commissioner Hammaker	X		
Commissioner Higgins	X		
Commissioner Tobin	X		
Commissioner Bullock	X		

Motion passed 5 to 0

PUBLIC COMMENTS: The following persons addressed the Commission: Charles Brooks, Key Largo, FL 33037, Kay Thacker, Key Largo

GENERAL MANAGER

Deep Well Contract Award

Charles Fishburn, General Manager, told the Board that All Webbs was the low bidder and that Staff has completed due diligence and recommends awarding of the contract to All Webbs.

Please see attached transcript of Item K13, Deep Well Contract Award

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Vote on Motion	
Member	Yes
Chairman Bauman	X
Commissioner Lismarker	X
Commissioner Higgins	X
Commissioner John	X
Commissioner Bullock	X
Other	

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Very Well, every body.
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1 KEY LARGO WASTEWATER TREATMENT DISTRICT
2 BOARD OF COMMISSIONERS

3
4 TRANSCRIPT OF RECORDED PROCEEDINGS
5 TRANSCRIBED FROM A CD RECORDING

6 Revised by Thomas M. Dillon, District Counsel
7 From the meeting tape on March 22, 2008
8

9 PROCEEDINGS HELD TUESDAY, FEBRUARY 19, 2008
10 Agenda Item # K-13, Deep Well Contract Award
11
12
13
14

15 Gary Bauman	Chairman
16 Andrew Tobin	Vice Chairman
17 Claude Bullock	Secretary-Treasurer
18 Susan Hammaker	Commissioner
19 Norman Higgins	Commissioner
20	
21 Charles Fishburn	General Manager
22 Thomas Dillon	District Counsel
23 Carol Walker	District Clerk
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1 MR. FISHBURN: We have Bill Lynch with ARCADIS Engineering on the phone and how
2 did I leave my section 13 out? Okay, deep well contract award. We have bid
3 this project during January. The bidding was on January 17th. We had two
4 bidders, All Webb and Youngquist. The low bidder was All Webb at 4.9 million.
5 The staff has completed our due diligence on the project and in your backup is
6 the bid tabulation and the letter of recommendation from Arcadis. And this is
7 a big step to the district. It's a five-million dollar project. We budgeted
8 six-million-four. The engineer's estimate was 4.8. One bid came in slightly
9 over the engineer's estimate and the other bid came in ten percent over the
10 budget and 35 percent over the low bid. We staff recommend going with the low
11 bid

12

13 MR. TOBIN: Chuck, you were over on the West Coast doing some homework on deep
14 well injections. What did you learn?

15

16 MR. FISHBURN: Well, my one concern is and (do I have my plant drawing up
17 there?) well, at any rate the concern I had was because the other item on this
18 agenda our process tanks. And the question is can we do the tanks at the same
19 time we do the well. The one project doesn't interfere with the other. The
20 wells take very little space once they're completed, but the staging area is
21 pretty significant during well drawing. So the biggest thrust of my visit over
22 there was to see what was involved in staging area. The one area of Golden
23 Gate which is near Naples was a very confined area and much more severe than
24 ours. The Lehigh Acres area had as much or more land available than our site.
25 My conclusion was is that we can go ahead with our tank project and with the
26 well project and that they won't interfere with each other.

27

28 MR. TOBIN: Can I ask a couple follow-ups? What did you learn about Webb
29 Brothers?

30

31 MR. FISHBURN: We have Both Youngquist, Ed McCullers from Youngquist is here,
32 and we have Dave Webb of Webb. Both of the wells that I visited were
33 Youngquist Brothers, and I really didn't visit for that, it just happened to be
34 that that was two projects that I happened to work on myself in the past. And
35 it sort of came up in a hurry, but I obviously was impressed with both
36 projects. You know, like I said, it mainly was a staging issue and Youngquist
37 obviously were both wells and very impressed with operation.

38

1 MR. TOBIN: Okay, I guess that's all I have.
2
3 MR. BAUMAN: Okay. We've got some public speakers, so why don't we go with
4 them. Charlie, you want to go first?
5
6 CHARLES BROOKS: Can we hear from the two vendors first before we make remarks?
7 Is that possible? I think that would give us more insight.
8
9 MR. BAUMAN: I don't have a problem with that. So, Ed, you want to go first?
10
11 MR. FISHBURN: Oh, let me interrupt for one second. A new member of our staff
12 last week is Jeff Hynes in the back. Twenty-eight years worked for state of
13 Colorado. A geologist. Local hire. Plans to obviously support us in this
14 endeavor. Obviously ARCADIS is the engineer of record. They will oversee it.
15 And very similar to other inspectors that we have on our road projects, if he
16 fills out any documentation or whatever, it will be on behalf of ARCADIS.
17
18 MR. McCULLERS: Thank you, Mr. Commissioner, chairman. My name is Ed
19 McCullers. I'm with Youngquist brothers and I appreciate the opportunity to
20 come down here and voice my opinion. I just wanted to talk about the bid a
21 little bit. Thus far Youngquist Brothers has drilled every deep injection well
22 in the last 13 years in the state of Florida. So all together we've drilled
23 over a hundred injection wells. So obviously we take what we do very
24 seriously. On this particular bid and on these bid documents, it had
25 references in the bid documents that...
26
27 MR. FISHBURN: Excuse me. I want to make sure that, Bill Lynch, can you hear
28 this?
29
30 MR. LYNCH: I can barely hear, Ed. Ed, if you could
31
32 MR. FISHBURN: I'll move your speaker phone back closer to him.
33
34 MR. LYNCH: Thank you.
35
36 MR. McCULLERS: I'll try and speak up, Bill.
37
38 MR. FISHBURN: Let me crank this up

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MS. WALKER: It's up all the way, Chuck.

MR. FISHBURN: Is it? Okay. Okay.

MR. McCULLERS: Essentially what I'm saying is in the bid documents and at the pre-bid meeting there was emphasis on experience required to do the project, and there was experience qualifications in the document that said that you shall have this and you shall do this. And the low bidder essentially does not have that experience. Obviously there's a discrepancy or a large spread in the prices, which obviously is a concern. But he did not have the required experience that was so important in the bid document and at the pre-bid meeting. It also said in the bid documents that the owner would reject if false or misleading information was submitted in the bid. And he submitted information in the bid that did not meet the standard. And, you know, it gave that as a reason to reject his bid. You know, like I said, we have eight rigs. We drill injection wells every day. All Webb is a good company. They're trying to break into the industry. Nothing bad to say about them about this whole business. But it's our opinion that they didn't meet the requirements of the bid documents, and they've never drilled a deep injection well, and that their bid should have been rejected. Obviously there's a huge spread in the pricing. The last job that we've bid against all All Webb Enterprises they were \$800,000 higher than we were. So, you know, they've kind of bid around, around, all over the place. We do these every day. We've got seven rigs right now running seven days a week, 24 hours a day. To grill one of these deep injection wells, it's a big deal. And they do need to go around the clock. And to tool one up and prepare to drill with a tight schedule is going to be very challenging. And I'd like for you to please consider that, looking at our bid again and possibly negotiating a more reasonable price with the, what I would consider the low responsive, responsible bidder. There are things that we can do to lower the price and get a whole lot closer to your budget. A injection well can be a problematic thing if it's not done right. You're going to be, you're going to have this well for a long time. And, you know, like I say, we're the most experienced in the world, at it. And I guess it comes down to a question you're going to have to ask yourself is it, is it better to pay more than you anticipated or less than you should have. That's all I had. I'd be happy to answer any questions.

1 MR. HIGGINS: Are you the only deep well injection people doing it in the State
2 of Florida? I mean you're telling me, I mean I'm sure, I mean you're doing all
3 the deep well injections in the state - and I'll talk to him in a minute. I'm
4 sure your overhead's a lot more than his overhead, so that's where the price is
5 coming, on the bid, too, where, you know, you feel like you gotta charge more.

6
7 MR. McCULLERS: Well, again, it's, I'm sure that it's substantially more. We
8 have a shop and yard, a complete machine shop, and we support our rigs. We've
9 got 15 over the road trucks every day. We've got a cementing division, we've
10 got a logging division. We've got machinists that support. We've got a 28-
11 acre facility that has 60 employees at it every day that support these rigs and
12 make them run around the clock. It's a big operation. And, you know,
13 essentially it's -- you know, they have an economic advantage is the bottom
14 line.

15
16 MR. BAUMAN: Claude, you got any questions?

17
18 MR. BULLOCK: Don't you think that there might have been a tendency for your
19 price to have been a little bit lower if you really thought you had stronger
20 competition?

21
22 MR. McCULLERS: No sir. You know, I mean, we sat right next to him at the pre-
23 bid meeting. I knew we had competition. You know, we bid them the way we see
24 them. And we sit down and run through the costs and we have to support our
25 operation. And more times than not the contracts that we work on are a fixed
26 price lump sum contract rather than a unit price contract. And it's, we do
27 good by drilling wells timely and efficiently. I don't know how else to answer
28 your question.

29
30 MR. BULLOCK: Given, if he had the equipment, do you see any reason why he
31 should not be capable of doing the job?

32
33 MR. McCULLERS: I think it's a free country and it's America. You know, he
34 ought to have the opportunity to try. But again, it's a question of how many,
35 like I say, to run a project of this nature with three crews, seven days a
36 week, 24 hours a day, which in well drilling that's pretty important on this
37 type of well. Otherwise you work a day and then it takes a day and a half to
38 get back to where you left off that day. So to support one of these operations

1 to go around the clock, if you've not done that before I'm going to assure you
2 that's really challenging. And, you know, again, we have a staff of guys who
3 come out here and cement your well. The driller and the cementer is not same
4 guy. The guy that runs the logging, he's got three engineers back there
5 keeping the tools running and operational so that when we show up, our
6 geophysical logging tools work. And we've got five tankers, dump trucks to
7 haul mud off so we can timely complete your well.

8

9 MR. BAUMAN: Susie, have you got anything?

10

11 MS. HAMMAKER: I'm not sure who exactly to ask, but I do have some questions.

12

13 MR. McCULLERS: Yes, ma'am.

14

15 MS. HAMMAKER: My background as far as drilling and hydrology and geology is
16 mainly the state of Nevada where I worked for -- mining operation in Tonopah,
17 Nevada and Las Vegas, and we had various drillers and hydrologists and so on
18 come through. And of course drilling in those mountains and high country is
19 very different from our cracker coral to so to speak.

20

21 MR. McCULLERS: Right.

22

23 MS. HAMMAKER: I've also been trying to find out as much as I could from my
24 contacts in USGS and other agencies regarding this subject. Because it's, as
25 you point out, it's a very critical one. And you do appear, at least in your
26 advertising on the Internet, say that, you know, you are familiar with this
27 boulder zone, you know, which is below, starts at 100,000 meters, roughly 3,300
28 feet deep. And that you also are the only driller in Florida with the ability
29 to do all down-hole monitoring required by the Department of Environmental
30 Protection. I'd like to focus on the drilling itself. I have an e-mail here
31 that relates to the Black Point disposal wells, boulder zone wells. Were you
32 involved in that project?

33

34 MR. McCULLERS: We did the last seven wells that were drilled there.

35

36 MS. HAMMAKER: I see. Because I understand that of the 25 boulder zone
37 disposal wells at Black Point, about ten were not grouted properly and began
38 leaking upward into the shallower aquifer. I'm quoting now from Jean Shinn

1 (sp.). The boulder zone as you know is artesian and I understand has a head
2 capable of pushing water about 40 to 60 feet above sea level; that's correct?

3

4 MR. McCULLERS: Based on putting fresh water into it, yes.

5

6 MS. HAMMAKER: And that wastewater has to be pumped down. So if the casing is
7 not properly grouted in the overlying confining layer, they will leak. Were
8 you involved in any of those wells?

9

10 MR. McCULLERS: None of the wells that had been problematic. It's understood
11 that early on you drill a pilot hole first.

12

13 MS. HAMMAKER: Right.

14

15 MR. McCULLERS: A twelve-inch pilot hole. And we do all those logging and
16 packer tests --

17

18 MS. HAMMAKER: Just when you're drilling for

19

20 MR. McCULLERS: Right. Well, the reaming bit doesn't necessarily follow that
21 pilot hole. So I think it's been about 15 or 18 years ago Youngquist Brothers
22 thought that was a problem because it doesn't necessarily follow it. And that
23 is a direct conduit from the boulder zone back up to your monitoring interval.
24 So at that point we started cementing up the pilot hole from above the boulder
25 zone to the USDW. We didn't get paid to do that. We just did it because we
26 thought it was a problem to our industry. And I'm confident that's at least
27 part of the problem that Black Point in Dade County there, is early on they
28 didn't do that and that was several other drillers that went broke in the well
29 drilling business, injection well business.

30

31 MS. HAMMAKER: Right, and I realize our geography may be a little bit
32 different, and I'm not really clear on that. I'm by no means an expert in any
33 geology to know the, or hydrology for the Keys here. But, but the, so that's
34 one issue. Another issue relates to this bid. And I've been investigating
35 prior bids of your company and contracts that were awarded. And it seems,
36 although I haven't completed my investigation -- that this, your bid here for
37 us was over a million dollars more than some of your last bids, if I'm correct.

1 And again, I haven't completed, but I just, you know, wonder what made our bid
2 roughly a million dollars more.

3

4 MR. McCULLERS: That's a very fair question. And, you know, again, some of the
5 jobs that we get compared to were jobs that were bid some time ago. And, you
6 know, oil has gone up substantially and most of the equipment that we use or
7 tools or drill bites or bits, so forth, you know, when oil was at \$40 a barrel,
8 things were easy to get and you could get them wholesale. Now you can't get
9 them and when you do you pay 150 percent. So the cost of oil has impacted what
10 we do. To further that, to go on and try to explain our number a little bit
11 better, some of the bids that we bid on are fixed price lump sum contracts.
12 Some of them are lump sums with adjustment values. And others are such as this
13 is a straight unit price contract. It's also got contingencies built in there
14 for standby and for additional work. So there's costs in this bid that may
15 have not been in other bids just in case.

16

17 MS. HAMMAKER: And the Keys, in other words, we're an area of state critical
18 concern, we're in the middle of a national marine sanctuary and we have various
19 standards. Is this the factor in the cost, and if so, how much?

20

21 MR. McCULLERS: Again, housing is very expensive. Like I say, we bring in
22 three crews. We house them. So we'll have houses rented all over Key Largo,
23 and it's more costly than it is in Fort Myers or West Palm, depending on what
24 you're comparing it to. It's also very costly to dispose of the drill cuttings
25 from here. We have to, you know, potentially we may even have to haul them all
26 the way back to Fort Myers to get an approved dump site for the bentonite and
27 the mud and the reverse air cuttings. Very possibly we'll have to go all the
28 way back to Fort Myers for those.

29

30 COMMISSIONER HAMMAKER: I see. What percentage of your bid is that, the oil
31 and these factors? Maybe I can, I need to review it.

32

33 MR. McCULLERS: Yes, ma'am. That would be hard to come off the cuff with.

34

35 MS. HAMMAKER: Well, I'll be asking the same questions with...

36

37 MR. McCULLERS: Yes, ma'am, I honestly couldn't give you an accurate number.

38

1 MS. HAMMAKER: Okay. I think that's about it for right now. Thank you very
2 much.

3

4 MR. McCULLERS: Thank you.

5

6 MR. BAUMAN: Andy?

7

8 MR. TOBIN: I was going to suggest, because, except for Susie none of us are
9 experts in drilling. She amazes me every time I come to these meetings how her
10 background is so diverse. I was going to suggest that maybe David Webb could
11 address some of the comments. Because, he's probably in the best position to
12 defend his company and some of the concerns which Youngquist is raising. I'd
13 sort of like to hear from them. So I don't have any questions for -- is it Mr.
14 McCullers?

15

16 MR. McCULLERS: Yes, correct.

17

18 MR. TOBIN: I don't have any questions for you.

19

20 MR. BAUMAN: Ed, one question I have. Have you since gone back and reviewed
21 your bid or that bid and analyzed how that may have been so diverse that what
22 the causes are?

23

24 MR. McCULLERS: Well, yes, sir, I have. And again, I'm going to relate it to
25 we've got a lot of experience doing these wells. We have the equipment to do
26 it. It's not on order. We've got the equipment in our shops, at our yard,
27 working on other jobs. We know what the costs of the bids are. We know what
28 it takes to do the job. But again, I think it's apples and oranges. I think
29 that there's an opportunity to save money by going to a lump sum and reducing
30 some of the contingency items. Couple other ideas that I'd be happy to put out
31 there.

32

33 MR. BAUMAN: So, are you saying that All Webb's bid is a lowball or not an
34 accurate reflection of what the true costs are going to be?

35

36 MR. McCULLERS: I would suggest that my bid based on the terms and conditions
37 of this contract would have never been at that number.

38

1 MR. BAUMAN: David, you want to go up next?

2

3 DAVID WEBB: Delighted to.

4

5 MR. DILLON: Mr. Chairman, before he does, I'd just like to make a couple
6 comments about the bid process. This will be due to evaluation 101. We
7 evaluate the bid responsiveness when we open the bid. We do the bid
8 spreadsheet to determine who is the apparent low bidder and then, after that,
9 we look at bid responsibility. And bid responsibility can be summarized as the
10 ability of a bidder to actually do the work. And for that purpose we had
11 ARCADIS look at what All Webbs have done and they determined that although All
12 Webb's experience didn't meet the letter of the qualifications statement, and
13 the qualifications in the bid package, they were functionally similar, and that
14 there was every reason to think based on the experience that All Webbs had and
15 the record they had of performance with other owners, that they can perform the
16 work. And our bid documents allow the district to waive informalities or even
17 deficiencies in a bid if it's in the best interest of the district. Based on
18 our evaluation and ARCADIS's evaluation, the staff is recommending that you
19 waive any informalities or deficiencies in the qualifications in the bid
20 because we have determined with ARCADIS that the functional experience of All
21 Webb is equivalent to the specific requirements in the bid and that there's
22 every reason to think that All Webb would be able to complete the project
23 satisfactorily. With that I'll turn it over to All Webb.

24

25 MR. BAUMAN: Thank you. State your name and address.

26

27 MR. WEBB: My name? David Webb, Junior, with All Webbs Enterprises, 309
28 Commerce Way, Jupiter, Florida. I'm the general manager for All Webbs. Dave
29 Webb, Senior is our president. I may look a little young for a drilling
30 company to you all, but I have some experience. And All Webbs has a lot of
31 experience in drilling. Started 30 years ago with residential wells, working
32 our way up small steps, commercial, drainage wells, deep Floridan wells. As
33 the market changed, we adapted, moved to larger scale projects and have stayed
34 in the game. We in the '90s started doing rehabilitation work on injection
35 wells, MITs every five years. You'll need one on your well. That was our way
36 to get into that market. And since then we have been pursuing the injection
37 well market. It's been about five years that we've been constantly trying to
38 get into the injection well industry. And we believe we can do it. We have

1 the personnel. We can get the equipment. We had it before. Had to -- not had
2 to, but there were some other things that were out of our control. When we bid
3 projects, we were asked to give a complimentary -- Well, it's not really a
4 complimentary bid, but we were asked to give a bid. We will bid against
5 Youngquist and then the owners usually get a good deal on their well. So... we
6 want to get in the market. We believe we can do it and we will keep trying
7 until we get our injection well.

8

9 MR. BAUMAN: Can you hang around for a couple questions?

10

11 MR. WEBB: I sure will.

12

13 MR. DILLON: Can I just ask one quickly? Mr. Webb, you will be providing a
14 performance bond; is that correct?

15

16 MR. WEBB: Yes.

17

18 MR. DILLON: Thank you.

19

20 MR. BAUMAN: Norman?

21

22 MR. HIGGINS: My deal was about the performance bond, if he can put up a
23 performance bond.

24

25 MR. BAUMAN: Okay.

26

27 MR. WEBB: Yeah.

28

29 MR. BAUMAN: Claude?

30

31 MR. BULLOCK: What is your idea on the housing situation? Had you taken that
32 into consideration?

33

34 MR. WEBB: Yes, we have. Also -

35

36 MR. BULLOCK: You're geared up to do around the clock operation, or could be?

37

1 MR. WEBB: Yes, we will be. We know it takes to get this done on this
2 schedule. We're familiar with it. We've done it before on other Floridan
3 projects and we have dealt with the difficulties of housing, having to provide
4 housing for the personnel that it takes to get these jobs done. Some of them
5 come from out of state and they work on a shift and they'll stay with us or a
6 few weeks and then go home for a week, and then they come back and replace the
7 other shift.

8

9 MR. BULLOCK: You mentioned that you bought this equipment several times and
10 then let it go? What's...

11

12 MR. WEBB: Yes.

13

14 MR. BULLOCK: Do you want to expound on that?

15

16 MR. WEBB: We had a rig in 2004 capable of 440,000 pounds, which is more than
17 enough to do this well and good enough to do most every injection well. There
18 are some that are bigger than that. And it was a top drive rig, which is what
19 is required to drill in the boulder zone when you encounter problems down
20 there. But we had this rig. We had a couple jobs that we bid. We were told
21 that there was a great chance that would get these projects, and for whatever
22 reason, we had the rig, the personnel, the bonding, we were there, but we
23 didn't get the job. So we held onto it until, as Ed mentioned, the market in
24 oil and gas just exploded and we got an offer nearly double what we paid for it
25 and it was sitting in our yard ready to go to a job, but we couldn't get the
26 right match between owner and us to get it on a job, but we couldn't get the
27 right match between owner and to get it on a job. So we gained a profit and
28 we've been doing other work and always keeping an eye out for the next
29 injection well.

30

31 MR. BAUMAN: Okay. Susan?

32

33 MS. HAMMAKER: Well first of all, I have great sympathy for you. I've been in
34 the position of wanting to get a contract, being against a lot of big guys --
35 and when you're the biggest there's quite a considerable politics involved. I
36 don't really see myself a politician, although I guess I'm elected so I've
37 become one. But there are also some issues and it's tough to get that first
38 job. Now I'm elected not feel sorry for you but to do the bidding of the tax

1 payers. And it's - as I say my heart is with you, I wish you well, but I have
2 some concerns about, you know, the same questions that I'm looking into that
3 this is a tricky Swiss cheese area and that we have all sorts of penalties and
4 rules and regulations that we Keys were, to me we have an environmental
5 justice, we're being asked to take hits for the National Marine Sanctuary, and
6 all of Florida while the mainland can get away with sewage murder. And so, you
7 know, I have deep feelings for this particular thing. However, we are
8 committed and our staff is doing an excellent job pushing ahead and getting our
9 special district in Key Largo completed by 2010.5, and we're here doing a great
10 job. So if you don't have the back shop to fix, I know having lived on a ranch
11 and all, and as I say working in drilling and ordering parts for four states
12 for the western operations, you know, things break down. You've got down time.
13 I mean machines have a life of their own. So you've got all these different
14 problems. Now I'm looking at you -- I'm looking at you to see can you perform?
15 Can you get that part on whatever plane. I don't know where your parts come
16 from. We hope they don't come across the Atlantic Ocean or something, another
17 area down the road had parts that come from Germany. You know, I hope that
18 doesn't happen. But anyway, there are all these different problems. So it's
19 your ability to perform. So here I've gone around, well I'll save that speech
20 until a little bit later. So I'm anxious to see how you would answer, you
21 know, or in other words, when you have a breakdown this one rig that you're
22 getting, if it breaks down, you don't have eight rigs to pull off another job
23 and bring down. So, I mean, you've got a few little difficulties here. So I'm
24 all for your spirit and I'm all for you, but tell us how, you know, how you
25 build into your bid these possible delays which cost money. And I don't know
26 what you budgeted for oil and gas. I gather it's probably half a million
27 dollars for Mr. Youngquist, I don't know. No?

28

29 MR. McCULLERS: If I could, we were going to bring a completely electric drill
30 in. It would be all electric. We would burn electricity. No big deal.

31

32 MS. HAMMAKER: Oh, help, I don't know whether that's good news or bad news.

33

34 MR. BAUMAN: Your question is, have they built in contingencies?

35

36 MS. HAMMAKER: Have they built in contingencies addressing some of these
37 problems not having more than one rig, not having your own back shop, having

1 limited employees who are gung-ho. I mean your spirit probably will beat them
2 hands down.

3

4 MR. BAUMAN: Well, let me ask you, Suzie

5

6 MS. HAMMAKER: Okay, end of speech.

7

8 MR. WEBB: We did include fuel in our costs. Everything to do this well is
9 included. We are very familiar with down time and keeping operations going.
10 On this well you have a simplified well compared to some other injection wells.
11 Whereas a last string is fiberglass instead of a final steel string which
12 reduce the rig requirement in that aspect. We have two other rigs that are
13 rated at 200,000 pounds static (not understandable) load, that are capable of
14 doing this well. And in the event there is a problem with setting the 28-inch
15 casing, which is 180,000 pounds static with no buoyancy and other conditions,
16 then we can have a backup hoist on site that will step in and take over if we
17 have to use one of our backup rigs in place of the SK rig should something go
18 completely wrong with that. But it is made in the U.S.A. with proven
19 technology that's been around for years. And we don't believe we'll have
20 trouble getting parts and working out the kinks with it. They've built many
21 rigs where we're buying this. We do have a shop in Jupiter where we have our
22 support staff. We have our, we do most of our work under our own resources.
23 We do our own cementing. That is, cementing personnel. We have logging
24 technician, and he is an electrical engineer. He services the tool itself all
25 the way to the keyboard. And we buy from manufacturers in the United States
26 that work with us and work with our competitors. Pretty much the same
27 equipment. There are some tools that we have that are different. And we have
28 our own packers to do the testing and the water quality testing, the flow
29 testing. We have that equipment. We've used it before. Our Floridan wells
30 will require the same type of work but the scale on this is different. Except
31 for some of the injectivity tests in your injection when we complete the well
32 and we have to an injectivity test, we've done that before on a rehab, but not
33 on construction of a new well. But we do have most of our own resources and we
34 can keep them up and running. We are a small company. And from day one if we
35 didn't have it, we either found it, brought it in, learned how to use it, or
36 fixed it ourself to keep going. And when it got more technical than one person
37 can handle, then we'd hire out the technical people that we could train and
38 make sure that we do the work the way it needs to be done. And that's to get

1 the best quality because the people who need it to make their decisions and you
2 the best well.

3

4 MS HAMMAKER: Do you have to farm out your down-hole monitoring?

5

6 MR. WEBB: Down hole monitoring?

7

8 MS. HAMMAKER: Required by the DEP. I'm reading off your contemporary I won't
9 call him competition, to be nice.

10

11 MR. WEBB: We, for transducers and investigative videos and logging, we can do
12 that ourself. I'm not sure what they mean by down-hole monitoring.

13

14 MS. HAMMAKER: I'm quoting, "We are the only well driller in Florida that has
15 the ability to do all down-hole monitoring required by the DEP." I'm just
16 interested because this could be older information, and, you know...

17

18 MR. WEBB: I'm not sure what everything is in that.

19

20 MR. BAUMAN: Andy?

21

22 MR. TOBIN: Yeah. Can I call you David?

23

24 MR. WEBB: Sure. Yes, sir.

25

26 MR. TOBIN: Do you have any reservations or doubts that you can do this job?

27

28 MR. WEBB: No. We've been preparing for quite sometime.

29

30 MR. TOBIN: What percentage of your business will this job represent? In other
31 words, if you get this job, you have five or ten or 30 other jobs going
32 elsewhere, or will this be your only job? Give me some sense of where your
33 resources are going to be diverted if you get this job.

34

35 MR. WEBB: Sure will. We are a well drilling company. That's all we do. We
36 don't do anything else. Well drilling, servicing, maintaining wells. Right up
37 to this point we've been bidding on production wells, which are the RO wells
38 that Florida's been utilizing to make up for the heavy demand on the surface

1 aquifer. So we bought when, when there was a big demand for that. We focused
2 on that. We bought some rigs and we have four rigs capable of doing that work
3 alone. Now we've shifted our focus off of those wells and we are focused on
4 injection wells. We have one other ongoing project and then we will have, we
5 are buying this new rig and we will have another rig capable of injection wells
6 and that's what we are focusing on now. So that, plus we have one other well
7 project which is a production well. Three of the rigs will sit stacked out.

8

9 MR. TOBIN: So this job will occupy what, 70, 80 percent of the resources of
10 your company for six, eight months or however long it takes? In other words,
11 the competition is saying they've got seven or eight other jobs going.

12

13 MR. WEBB: Right. Well, we will not be doing the production wells right now.
14 So we will take our current personnel, production capability, and move them to
15 injection wells. So it's this injection well plus another, so it's 50/50.
16 Plus we will have to bring in more equipment and manpower.

17

18 MR. TOBIN: Well we will be occupying a big percentage of your company's time.

19

20 MR. WEBB: Yes.

21

22 MR. TOBIN: Are you going to be down here running this job or is somebody else
23 going to run it?

24

25

26 MR. WEBB: It will land on myself and Dave, Senior, and our other qualified
27 personnel.

28

29 MR. TOBIN: Okay. And one of the comments that was made about, by Mr.
30 McCullers was that they have concrete cementing personnel. Different
31 departments for all that.

32

33 MR. WEBB: Right.

34

35 MR. TOBIN: How do you address that aspect of this job in terms of you've got a
36 department for this and a department for that? How does that work?

37

1 MR. WEBB: Okay. We, I'll fall back on what we have been doing through the
2 Floridan wells. Done many over the past just five years, about 25.
3
4 MR. TOBIN: The cementing part of?
5
6 MR. WEBB: We do all of our own cementing. As of two and a half years ago we
7 do our own logging.
8
9 MR. TOBIN: Let me just stop you there.
10
11 MR. WEBB: Okay.
12
13 MR. TOBIN: Is cementing part of every drilling operation regardless if it's
14 3,000 or 1,000?
15
16 MR. WEBB: Yes.
17
18 MR. TOBIN: Is there any advantage of doing it yourself as opposed to having a
19 subcontractor do it?
20
21 MR. WEBB: Yes.
22
23 MR. TOBIN: What's the advantage?
24
25 MR. WEBB: Cost, and I would say quality. You would have to watch the quality
26 of their work.
27
28 MR. TOBIN: Now Commissioner Hammaker was talking about some problems with your
29 competitors in terms of properly grouting I guess the pipe. Is that ever a
30 concern to you? Is that ever -- is grouting and leakage a common industry
31 problem?
32
33 MR. WEBB: A proper grouting job is always my concern. When we drill a well
34 and we are preparing to grout it, we have to do our calculations, we have to
35 install our equipment, and then we have to make sure we mix the grout properly
36 and pump it at a certain rate so that we can ensure that that's grout job with
37 what we have. As far as the pilot holes, I know on your contract it is stated
38 that there will be back plugginh of pilot holes to prevent the possibility of

1 that channeling between aquifers. So that precaution is taken care of in your
2 contract, and rightfully so. That would be a big conduit.
3
4 MR. TOBIN: Final question. There was a comment about fixed price versus a
5 unit price. Is there anything that threw you about our demand for a unit price
6 contract? Is that something that created a problem for you?
7
8 MR. WEBB: I would say it does affect, it does affect how we go into a job. Is
9 it significant enough to change our number by, what is it, 30 percent? No, I
10 don't think it's that much.
11
12 MR. TOBIN: And this isn't a question, but it's my final comment, which is if
13 your housing expense is too high, Florida City and Homestead is a little lower.
14
15 MR. WEBB: Yeah.
16
17 MR. TOBIN: Thank you very much.
18
19 MR. WEBB: You're welcome.
20
21 MR. BAUMAN: Thank you David.
22
23 MR. WEBB: We appreciate the opportunity. Finished?
24
25 MR. BAUMAN: Yep. Charlie, you want to go next?
26
27 CHARLES BROOKS: Yeah. I just have a few quick comments that you might want to
28 discuss. They're comments, they're not necessarily suggestions, or they may be
29 suggestions to discuss.
30
31 MS. WALKER: State your name and address.
32
33 MR. BROOKS: Charles Brooks, Key Largo. You had some dialogue up here about
34 possibly getting a better price, maybe re-bid is a consideration for getting
35 the best of two worlds if you have some concerns about lack of experience and
36 the ability to carry out. And assuming Tom may address that. And then if it
37 was a bond situation and the low bidder did not perform and it went into a bond

1 situation, since it is a one-company industry right now who would end up by
2 doing the final work?

3

4 MR. BAUMAN: Thank you Charlie. Kay?

5

6 KAY THACKER: For the record, Kay Thacker, Key Largo. Right here from ARCADIS,
7 it says, reading from the letter from them, it says, "All Webb does not meet
8 requirements stated and is at the low end of the range of accessibility. But
9 we do believe that All Webb has a reasonable chance of completing the work
10 satisfactorily." Does All Webb have any deep injection wells that can go be
11 tested to see? Whereas Youngquist has, had some problems that you could go and
12 check their work. And the equipment, you know, having optimal backup equipment
13 and optimal crew experience are two key factors that bring up, you know, a few
14 questions to my mind. And like Charlie said, I'd like to see because some of
15 the, to me it's like what one company was bidding against the other company,
16 it's not apples and apples, it's oranges and pears. So maybe a re-bidding
17 might be an option that you could look at. Thank you.

18

19 MR. BAUMAN: Thank you, Kay. All right. Are you trying it to award the
20 contract today?

21

22 MR. FISHBURN: Yeah.

23

24 MR. DILLON: The process, Mr. Chairman, is that if you approve this, we will
25 send out a notice of intent to award. Presumably it would be to All Webb, and
26 Youngquist would have I believe it's ten days to file a protest, which we
27 would, would not require us to delay awarding the contract. But if the,
28 depending what the protest said, we might recommend it, it's doubtful, and
29 that's the way it works. If they have concerns about the award to All Webb,
30 they'll have plenty of opportunity to give us a written submittal that explains
31 exactly what those concerns are.

32

33 MR. BAUMAN: Can we get ARCADIS to comment after we've heard all this?

34

35 MR. FISHBURN: Sure. Bill Lynch, can you hear us? Bill? Bill Lynch?

36

37 MR. LYNCH: Sorry I was on mute.

38

1 MR. FISHBURN: Chairman Bauman had a question for you.
2
3 MR. LYNCH: Yes. Please go ahead, Mr. Chairman.
4
5 CHAIRMAN BAUMAN: Well after hearing all this, do you want to comment on why
6 you chose, why you were involved in choosing All Webb as opposed to Youngquist?
7
8 MR. LYNCH: Well we, there was a letter to your agenda item number 13 that
9 shows how we went through the process on behalf of the district to determine
10 both the responsiveness and responsibility of the two bidders. And through
11 that process, and I believe there was a citizen who just commented who quoted
12 from the Page 5 of our letter regarding what we had concluded regarding the
13 specific requirements of All Webbs. We'd also noted that because there was a
14 reasonable chance for them to complete the work. I understand that since this
15 letter has been drafted that there may be additional qualifications that All
16 Webbs has brought to the attention of the district addressing some of our
17 greater concerns which was adequate staffing. I can't, I listened to what Mr.
18 Dave Webb said regarding equipment, and that does help also reduce some of our
19 concerns. But what we saw the risks to be are essentially summarized in the
20 last paragraph which was, like the extended construction period, additional
21 cost involved in supervision, and, you know, the rest of a well failure
22 potentially being able to be addressed by contractor bonding if that were to
23 occur.
24
25 MR. BAUMAN: All right. Any other discussion?
26
27 MR. TOBIN: The well failure, is that before, during or after? The potential
28 for well failure, would you explain what that means? Tell me, is that
29 something that concerns you during construction or after construction?
30
31 MR. LYNCH: What we said was failure to complete the well. So that was during
32 construction. That would be, you know, potential that they could lose the tool
33 or when they go into the boulder zone there could be, you know, some potential
34 to have a difficulty completing the construction. One of the reasons that we
35 believe that greater supervision. or oversight, I shouldn't say supervision
36 because supervision falls to the driller. But oversight during construction
37 would be appropriate is because All Webb has not demonstrated experience to
38 complete the well in full accordance with the plans and specs. But with that

1 added supervision, you know, we believe that there is a reasonable assurance
2 that they'll be able to complete it.

3
4 MR. TOBIN: After the well is in operation, is there any latent problems that
5 are, that could come up that would not be discovered during the construction?
6 In other words, if they're supervised and everything goes apparently well
7 during construction, is there any possibility that a year down the road
8 something could happen that perhaps a more experienced company could have
9 avoided? Or once it's in, it's in?

10
11 MR. LYNCH: There's a couple things. The state has explicit requirements over
12 the initial installations to try and mitigate any potential failure during
13 construction? But there's also ongoing testing, and there's also a monitor
14 well associated with it. Although we talked about the deep injection well,
15 there actually will be two wells on this project. One is for monitoring and
16 one is for injection. And then there's a periodic requirement for mechanical
17 integrity testing that goes along with it. And so there is potential in the
18 future that there could be evidence of effluents in the monitor well, but that
19 could also be the case related to the geology as well as the installation.

20
21 MR. TOBIN: And how do we know as a district whether something in the future is
22 related to the construction versus some other factor? Or is that just a
23 function of the inspection?

24
25 MR. LYNCH: You know, we can, we will during the installation or construction
26 of the wells, document, it's the full construction every week a report is sent
27 to DEP as is required that will evidence that the well has been installed both
28 in accordance with the design as well as in accordance with the requirements.
29 And I think with the protocol being followed, that, and perfectly in place to
30 be followed so that the likelihood of failure is very low.

31
32 MR. TOBIN: Okay. Well that's good to know. That reassures me. Thank you.

33
34 MR. LYNCH: Uh-huh.

35
36 SPEAKER: Anything else by ARCADIS?

37

1 MR. DILLON: Bill, this is Tom Dillon. Could you explain to the board how you
2 determined that All Webb had functionally equivalent experience necessary to
3 meet the qualifications?
4

5 MR. LYNCH: Tom, when we reviewed their experience both regarding UIC permitted
6 wells and other wells, we did not conclude that they have equivalent
7 experience, but we concluded that they had sufficient experience for us to be
8 able to conclude that they have the chance to complete the work satisfactorily.
9 Now, as Dave Webb said, and I don't want to speak on behalf of Webb, they've
10 been in the business for 30 years. And although they, their experience is
11 related and we pointed out and we did give examples of work that they've done
12 to the satisfaction of the South Florida Water Management District, we thought
13 that experience along with their long standing experience would give them the
14 ability to complete this well. And we did also do a side-by-side comparison of
15 the DEP requirements for completing the well to give ourselves, you know, the
16 understanding that their experience should be adequate to be able to complete
17 the well with the right supervision.
18

19 MR. DILLON: So would you recommend that the board waive strict compliance with
20 the detailed responsibility requirements in the ITB?
21

22 MR. TOBIN: Objection, leading.
23

24 MR. LYNCH: (Inaudible) the engineer that I could make, but we did write the
25 letter that concludes that we think that they have reasonable chance of
26 completing the work. And I understand from a little bit of additional
27 information I have received since we have prepared this letter that, you know,
28 additional drilling resources in terms of qualified personnel may now be
29 available to do the work, and listening to Dave, There's equipment as well that
30 should be able to back up their work. Two of the issues we felt were important
31 when we had drawn our conclusion that, you know, the risks were associated with
32 the extended construction period, and maybe insufficient staffing
33

34 MR. DILLON: Thank you.
35

36 MR. BULLOCK: I had a question. Do you feel that, you know, we're talking
37 about a two-million dollar, little less than two-million dollars increase in
38 cost. You are indicating that additional supervision would be required. Do

1 you have a feel on what order that extra cost might be or is it a half million
2 or is it a hundred thousand?

3

4 MR. LYNCH: We anticipate on the order of 200 to 250,000.

5

6 MR. BULLOCK: Okay. And that is, I guess, providing more or less technical
7 support to Webb?

8

9 SPEAKER: No, no, to you. We would work for the district and observing the
10 well and advising the district. And also, you know, having David available for
11 Webb, but they would be responsible for, you know, the work they'd be doing.
12 Essentially they need to drill 24, well, as Mr. McCullers said with Youngquist
13 24 hours a day is the preferred method. What we would provide is 24-hour a day
14 support to the district through observation and consulting.

15

16 MR. BAUMAN: Is that it?

17

18 MR. TOBIN: Let me just say (inaudible). I have a follow-up to that.

19

20 MR. LYNCH: Sure.

21

22 MR. TOBIN: The \$250,000 oversight in your observing and your advising, what
23 does that translate to on ground? What are you doing on the ground?

24

25 MR. LYNCH: Somewhere on the order of 2,000 man hours. I'm estimating one man
26 year essentially.

27

28 VICE CHAIRMAN TOBIN: One man there all the time, the whole time?

29

30 MR. LYNCH: Yeah. Yes.

31

32 MR. DILLON: One man year, I believe he said.

33

34 MR. LYNCH: Yeah, one man year of additional supervision. I shouldn't say
35 supervision, observation.

36

37 MR. TOBIN: Is that -- Well, what is your plan on a day-to-day basis? Is
38 somebody going to be there a few hours a day or?

1
2 MR. LYNCH: No, the whole time they're drilling the whole time. The well would
3 be covered. Now Chuck has recently hired a part-time geologist who he
4 introduced at the beginning of the meeting, and I, you know, I can't speak for
5 Chuck on how, to what extent the geologist would be involved, but as the
6 engineers or geologists of record we would suggest full-time presence of
7 ARCADIS during the installation of the well.
8
9 MR. TOBIN: I'd like to hear our staff's response to that. Do you agree with
10 that, Chuck? Is that what you're planning on doing?
11
12 MR. FISHBURN: Well, he's promised for the next meeting, board meeting, his
13 recommendation for oversight of this project. During the drilling they, both
14 contractors propose 24 hours a day. The question was in these 24 hours, 12
15 hour, in their proposal it appears to be 24 hours. So we'll bring that to the
16 next meeting.
17
18 SPEAKER: And that's sort of independent of this decision, I mean...
19
20 MR. TOBIN: ARCADIS, do you see some oversight with Youngquist as well?
21
22 MR. LYNCH: Yes, absolutely.
23
24 SPEAKER: And what's the difference in the oversight cost or percentage?
25
26 MR. LYNCH: Well, right now my estimate is one full-time person less because
27 the experience Youngquist has and experience we have with Youngquist observing
28 their work.
29
30 MR. TOBIN: Okay. So in terms of dollars, if you're anticipating over 250,000
31 to oversee Webb, how much do you anticipate to oversee Youngquist?
32
33 SPEAKER: No, sir, that would be an additional \$250,000.
34
35 MR. TOBIN: In addition to what?
36
37 MR. LYNCH: As Chuck just said, we were asked to bring a proposal to the next
38 board meeting. You know, it would be on the order of, with adding in that

1 250,000 you're now looking in the order of six to seven-hundred-thousand
2 dollars of oversight costs. It's a labor intensive effort.

3
4 MR. TOBIN: So --

5
6 MR. LYNCH: I guess simplifying it in round numbers, and let's say it's seven-
7 hundred or let's take six-hundred for the purpose of discussion, (inaudible),
8 you're looking at let's say 450 versus 700 in terms of possible costs involved
9 in oversight. And that's reporting, you know, all the services required by
10 DEP, not just (not understandable).

11
12 MR. TOBIN: I'd like it get -- do we have any -- is that the direction we're
13 going, Chuck? Or do you see some other direction for oversight? I remember
14 that when Weiler was going to do our inspections, we wound up having an in-
15 house inspector with Weiler still supervising, but it saved us \$100,000.

16
17 MR. FISHBURN: I do envision that what we do with Weiler, we have two employees
18 now fill out on Weiler paper every day what they do and weekly and Ed is up
19 here weekly -- or Ed or one of the staff is up here to oversee our people. I
20 envision -- Again, we haven't gone that far with ARCADIS and they're sort of
21 new to this concept with us. As I said, I advertised for a geologist. I
22 didn't know whether I'd get one or not. I believe I hit a home run with a
23 geologist. I'm saying with him that he's going to go to West Palm and meet
24 with ARCADIS and that. But again, this is sort of independent of whether we do
25 Youngquist or, or --

26
27 MR. TOBIN: Well, you know, \$250,000 or double the inspection fee, I'm
28 inclined, you know, to follow staff's recommendation and, but I'd still like to
29 talk about these things. And, you know, once you sign, once you award the bid,
30 things start happening, and I'd like to keep things, you know, just --

31
32 MR. FISHBURN: We have to drill a well.

33
34 MR. TOBIN: Just calm down Charlie. We'll get there. Okay? Maybe not as fast
35 as you want, but we'll get there. But this inspection number is something I
36 think we should talk about. I mean it's a big number, it's not 10,000 bucks
37 extra.

38

1 MR. FISHBURN: Yeah.
2
3 MR. TOBIN: So, ARCADIS, is that something that we can, we can perform some of
4 this in-house at a cheaper cost or is this something that is, you're set in
5 your ways and there's no way that we can have a local person do some of these
6 inspections?
7
8 MR. LYNCH: Well, our intention is reasonably hire Jeff with the intention of
9 participating in the injection well observation process. And, you know, we are
10 open to options. Our interest is to serve your needs. And if there's
11 qualified staff -- and it's different than installing a pipeline in a right-of-
12 way.
13
14 MR. TOBIN: Right.
15
16 MR. LYNCH: If there is qualified staff available, it might be preferable to
17 work that way.
18
19 MR. TOBIN: That's good to know. And I just, -- And there's -- We've yet to
20 hear from Ed Castle on this. And, Ed, do you have any, you've been listening
21 to all this, is there any words of wisdom you want to share with us?
22
23 MR. CASTLE: I don't have a lot of experience with deep injection wells. I'd
24 have to rely on ARCADIS. I did discuss this with Jeff Weiler and we tend to
25 agree that as long as the company has experience that's similar and has
26 capability to bond, the risk isn't very high.
27
28 MR. TOBIN: Good, I'm done.
29
30 MR. BAUMAN: Susan? Done done, or done for the moment?
31
32 MS. HAMMAKER: Is it possible to ask the new geologist Mr. Hynes a question or
33 two, or is that appropriate?
34
35 MR. BAUMAN: Sure. Step to the podium.
36
37 MS. HAMMAKER: I don't know you whether cruised through Nevada during the '70s
38 or '80s.

1
2 MR. HYNES: Yes. At speed.
3
4 MS. HAMMAKER: Do I look familiar?
5
6 MR. HYNES: No. Guy I talked to spoke with a bear hat on, if I recall.
7
8 MS. WALKER: Please state your name and address for the record.
9
10 MR. HYNES: Jeff Hynes. 156 Harbor View Drive, Tavernier.
11
12 MS. WALKER: Thank you.
13
14 MS. HAMMAKER: Well, I'm glad to meet you, because geology is a great favorite
15 subject of mine.
16
17 MR. HYNES: Me too.
18
19 MS. HAMMAKER: Now I'd like to ask you about your experience with our Florida
20 coral rock geology.
21
22 MR. HYNES: My actual hands-on experience is all just amateur interest. I have
23 20, almost 30 years of experience in engineering in environmental geology
24 consisting of deep boring pilot holes for the oil shale industry, A substantial
25 amount of coal exploration, and review oversight. I worked for the Colorado
26 Geological Survey for 22 years as a senior scientist. And I reviewed both
27 extraction wells for ground water remediation projects and injection wells for
28 disposal of treated effluent. Mostly into porous sandstone aquifers much
29 deeper than 3,000 feet to get down in where the residence times the water had
30 been there long enough that the water was brackish just because it had been
31 sitting there for it 200-million years.
32
33 MS. HAMMAKER: Right.
34
35 MR. HYNES: So the overall situation was the same with the exception of some
36 rare karst topography out there. The boulder zone is something I don't have
37 any particular familiarity with. I'm sure you're familiar in the West. When
38 we got into karst topography, we felt like we couldn't characterize it well

1 enough to assure anyone that it would behave in one particular way or another.
2 And so we generally did not look to complete in high porous, high macro-
3 porosity, high permeability zones. As I said, I've been, I've been coming to
4 Florida since I was a teenager, coming to the Keys since I was a teenager.
5 I've owned property here since the mid '70s and I've actually lived here full-
6 time since 2000. And just as you, I'm enthralled with the local geology,
7 familiar with the local geology and certainly in a position to know enough
8 about this to know what I need to learn before it gets to some critical
9 decision point in the process. Which is sometime off, I mean quite candidly,
10 we're not going to be trying to determine the actual characteristics of the
11 confining layer immediately above and then the boulder zone I would say for
12 four or five months, maybe even longer than that. Counting the mob time, the
13 set-up and the careful process where you're going to drill the pilot hole,
14 going to characterize the site very, very well. We have a prognosis from
15 ARCADIS which is based on this is what it likes like over here, this is what it
16 looks like over here, this is what it looks likes over here. We're surrounded
17 by data. We don't have any local data on our site. There is one well, one
18 deep well in a USGS water supply paper which is about 25 years old now on the
19 Floridan aquifer. I have identified the well but have not actually found
20 copies of the log, either lithologically or whatever geophysical testing they
21 may have done on that well, but I'm confident that I'll have that on hand
22 shortly. That will be added to information that I'm going to get from two
23 wells, one about seven years old and one less than a year old drilled into a
24 similar formation and characterized differently and it's got a different name.
25 But it basically functions the same way the boulder zone does down in Key West.
26 And so that information, I'll have that information in hand very shortly too.
27 What I envision my role at the project will be is something on the order of
28 maybe five hours a day, six days a week. A lot of the standardized sampling
29 and recording and in all of the geolographs and all of the recording devices
30 associated with modern well drilling are very sophisticated, very sensitive,
31 and fairly accurate. What needs to be done is for somebody to check those on a
32 regular basis: one, to see that the prognosis is right; two, to see that we're
33 getting what we want; and three, if there's something, wrong see what we need
34 to do about it to get what we want. You don't have to stand there and watch it
35 24 hours a day. There are technicians out there who can be trained to collect
36 the samples at the right time, verify what they are, identify, again compare
37 them to the prognosis, compare them to what they ought to be. And the driller
38 does a lot of them too. I mean the driller is really -- a good driller is

1 playing like playing a violin. Okay? He's paying very careful attention to
2 the behavior of his rig, his returns, his pressures, his weights. And a good
3 driller who has drilled the same formation again and again knows what to
4 expect, Oh, yeah, okay, that's my old friend, the silica layer cap, some strata
5 defined. And I know you're probably the only person that's understanding what
6 I'm saying.

7

8 MR. BAUMAN: I need to cut you off here.

9

10 MR. HYNES: Well, but it's a very sophisticated process and it doesn't require
11 us to do 24 hours.

12

13 MR. BAUMAN: It doesn't affect which bid we're going to accept.

14

15 MR. HYNES: No.

16

17 MS. HAMMAKER: I'm afraid it does as far as he just said, he's just said very
18 clearly that this matters very much on the driller's experience with this
19 particular zone and this critical thing, I'm afraid, I think if I heard you
20 correctly.

21

22 MR. HYNES: Well, but they're familiar with the zone. They're just not
23 familiar with the zone at this depth, is what I heard.

24

25 MS. HAMMAKER: I heard they're familiar with the book about the zone
26 (inaudible.)

27

28 MR. HYNES: Well I'm not going to champion either one.

29

30 MS. HAMMAKER: Right. No, I know that.

31

32 SPEAKER: My sense is basically the same as everyone else's. I think they've
33 demonstrated the capability to do the job.

34

35 MS. HAMMAKER: And do you network as with other as far as geologists that are
36 researching around here? I mean, you keep in contact? I think this is
37 important.

38

1 MR. HYNES: The short answer to that is no.
2
3 MS. HAMMAKER: Oh, okay.
4
5 MR. HYNES: I basically came down here and retired. And if this project were
6 somewhere else I wouldn't be interested in doing it.
7
8 COMMISSIONER HAMMAKER: All right. Well thank you so much.
9
10 MR. BAUMAN: I've got to call the question, guys.
11
12 MS. HAMMAKER I'd just like to merely say two things here, Gary. Very
13 important things. I'm not usually a micromanager. I usually follow the staff.
14 I think they'll say that, a hundred percent practically. And I guess I've
15 received some criticism from the audience for doing that. Anyway, I guess
16 maybe I'm trying.
17
18 MR. TOBIN: We're in no hurry. We'll sit here all day.
19
20 MS. HAMMAKER: Anyway, as I go around and talk to some of the citizenry, I
21 thought everybody would say this was about saving money. The people that I
22 have talked to are very much, they say, "Oh, my gosh, we don't want anybody
23 that's a first-timer." And again, I don't, you know, that's what I hear. You
24 may be at fine and we may decide to have you and if he gets bids I will be
25 supporting him. I won't be looking around every corner. But I'm just trying
26 to bring out the facts here. As long as new information has come forth that
27 Mr. Lunch has noticed, I would ask that we have a new letter from Mr. Lynch and
28 we ask for a re-bid on this. I think we're able to do that. That's what I
29 would.
30
31 MR. BAUMAN: Okay. I'm going to call the question. It's an action item
32
33 MR. TOBIN: There is no question.
34
35 MS. WALKER: There's no motion.
36
37 MR. TOBIN: I have a comment that I'd like to make.
38

1 MR. BAUMAN: I'm waiting for a motion.
2
3 MR. TOBIN: Well, I'm not ready to make one. Can I ask a comment of staff?
4
5 MR. BAUMAN: We've asked every question three times, Andy. I would like to
6 hear a motion. And I'll give you another chance to ask.
7
8 MR. TOBIN: But as a chairman you don't get, you can't demand a motion. If
9 somebody's not making one, it's still in debate.
10
11 MR. BAUMAN: So I'm asking will somebody make a motion? Is there someone to
12 make a motion?
13
14 MR. HIGGINS: I'd like to make a motion that we accept the All Webb bid.
15
16 MR. BAUMAN: Is there a second? Okay, go ahead Andy.
17
18 MR. TOBIN: Susan mentioned rebidding, and I'm not in favor of that. I don't
19 think that that's the fair way to do it. I think it's going to tarnish our
20 reputation. And I think we've heard, you know, sufficient backup from Weiler,
21 from Ed Castle, from ARCADIS, from Mr. Lynch, from our staff, and while
22 inexperience is a factor, I don't think that rebidding is something that we --
23 I'm not even sure that legally we could do it, but I'm not in favor. So let me
24 just ask legally could we do it?
25
26 MR. DILLON: Legally we have the ability to reject all bids and use this or
27 some other procurement process. As a matter of practice it's almost never done
28 unless the project actually changes. You're not likely to get much different
29 bid, and you get a bad reputation in the business if you just keep rebidding.
30 So my recommendation on this case will be that you not rebid.
31
32 MR. TOBIN: I just wanted to put that on the table. I believe the same thing.
33 So with that, if Norman's going to make a motion, I will be prepared to second
34 that.
35
36 MR. BAUMAN: He did make a motion.
37
38 MR. TOBIN: It died for lack of a second.

1
2 SPEAKER: I would like to remake a motion that we accept the contract from
3 Webb.
4
5 MR. TOBIN: I second it.
6
7 MR. BAUMAN: I hate to say this, but is there any more discussion? Hearing
8 none, do a roll call, Carol.
9
10 MS. WALKER: Commissioner Higgins.
11
12 Mr. HIGGINS: Yes.
13
14 MS. WALKER: Commissioner Tobin.
15
16 MR. TOBIN: Yes.
17
18 MS. WALKER: Commissioner Bullock.
19
20 MR. BULLOCK: Yes.
21
22 MS. WALKER: Commissioner Hammaker.
23
24 MS. HAMMAKER: No.
25
26 MS. WALKER: Chairman Bauman.
27
28 MR. BAUMAN: Yes. Let's take a ten minute break.

Bid for Wastewater Treatment Plant Process Tanks

Mr. Fishburn explained that the plan is for the District to Bid the SBR tanks, digester tank, and domed equalization tank as a standalone project. The tanks need to be constructed concurrently with the deep well to provide storage for testing of the deep well.

Motion: Commissioner Hammaker made a motion to approve going out to bid for the process tanks. Commissioner Bullock seconded the motion.

Vote on Motion

Member	Yes	No	Other
Chairman Bauman	X		
Commissioner Hammaker	X		
Commissioner Higgins	X		
Commissioner Tobin	X		
Commissioner Bullock	X		

Motion passed 5 to 0

COMMISSIONER'S ITEMS

Trip to Tallahassee

Chairman Bauman reported that most of the government representatives that he spoke with are planning on fining or shutting down package plants that do not meet the 2010 deadline. He reported that some said that there would be no money in the budget for wastewater others said that the Governor is trying to get \$20 million in this budget for wastewater. Chairman Bauman also stated that the District's legislative representative seem to know everyone in Tallahassee.

Tree Roots in Construction Paths

Staff reported that the collection system lines are being routed into the center of the road in a specific neighborhood because of large trees with roots in the right of way. The District's policy is to determine change requirements such as this on a case by case basis.

Meet Your Wastewater Staff

Commissioner Tobin would like to see articles in the paper spotlighting the District's Staff. The Board directed staff to do press releases on a regular basis. Mr. Waits, CFO, will do the first article on financing.

BULK ITEMS

Minutes of February 5, 2008

Pending Payments of February 19, 2008

Motion: Commissioner Higgins made a motion to approve Bulk Items with the Pending Payments of February 19, 2008 contingent upon the availability of funds... Commissioner Bullock seconded the motion.

Vote on Motion

Member	Yes	No	Other
Chairman Bauman	X		
Commissioner Hammaker	X		

Commissioner Higgins	X		
Commissioner Tobin	X		
Commissioner Bullock	X		

Motion passed 5 to 0

ENGINEER'S REPORT

Monthly Report

Mr. Castle reported that progress on Basin A is continuing and he has told GlobeTec that they are a little concerned about their red line drawings not being up to standard. Basins B, and C design reviews are going well. The treatment plant is running well.

FINANCIAL REPORT

Rural Water Association Interim Financing Program.

Mr. Waits explained how the Rural Water Association Interim Financing Program works. Mr. Waits explained that the District might need to incorporate some level of RWA Bridge financing in FY 2009.

Insurance Update Report

Mr. Waits reported on his progress on his efforts to optimize the District's insurance program.

Mr. Waits reported that the audit is almost complete and looks good. The District will be changing the way some information is recorded making the next audit easier for the auditors.

LEGAL REPORT

Calusa Campground

Closed session was cancelled.

KLWTD Legislation to Change Permitting Requirements

Thomas Dillon, District Counsel, explained to the Board that he and the County Attorney have reached a compromise on the wording for the amendment. The District will hold another public hearing in Key Largo on February 21 at the Lions Club at 5:00 PM. The hearing will be recorded and sent to Representative Saunders.

GENERAL MANAGER'S REPORT

System Development Charges for the Nelson Center

Mr. Fishburn told the Board that District Staff proposes to accept a lump sum payment of \$83,425 as payment in full of all system development charges for the Nelson Center parcel. This means that there would be no further charges or assessments other than the monthly wastewater charges, currently \$33.60/month per EDU plus \$5.27/1,000 gallons of FKAA metered water consumption. These charges will appear on the County's water bill. Also, there would be no additional charges for early connection.

Motion: Commissioner Tobin made a motion to accept the lump sum payment of \$83,425 as payment in full of all system development charges for the Nelson Center parcel. Commissioner Higgins seconded the motion.

		X	Commissioner Higgins
		X	Commissioner Tolin
		X	Commissioner Blalock

Motion passed 5 to 0

ENGINEER'S REPORT

Mr. Castle reported that progress on Basin A is continuing and he has told Globelec that they are a little concerned about their red line drawings not being up to standard. Basins B and C design reviews are going well. The treatment plant is running well.

FINANCIAL REPORT

Mr. Waitt explained how the Rural Water Association Interim Financing Program works. Mr. Waitt explained that the District might need to incorporate some level of RWA Bridge financing in FY 2009.

MANAGER'S REPORT

Mr. Waitt reported on his progress on his efforts to optimize the District's insurance program.

Mr. Waitt reported that the audit is almost complete and looks good. The District will be changing the way some information is recorded making the next audit easier for the auditors.

LEGAL REPORT

Closed session was cancelled.
County Commission

Mr. Waitt reported on the progress of the Board's efforts to change the County Attorney's position. Mr. Waitt explained to the Board that the Board and the County Attorney have reached a compromise on the wording for the amendment. The District will hold another public hearing in Key Largo on February 21 at the Lions Club at 5:00 PM. The hearing will be recorded and sent to Representative Saunders.

GENERAL MANAGER'S REPORT

Mr. Fishburn told the Board that District Staff proposes to accept a lump sum payment of \$83,425 as payment in full of all system development charges for the Nelson Center parcel. This means that there would be no further charges or assessments other than the monthly wastewater charges currently \$33.60/month per BDU plus \$2,271,000 gallons of RWA metered water consumption. These changes will appear on the County's water bill. Also, there would be no additional charges for early connection.

Motion: Commissioner Tolin made a motion to accept the lump sum payment of \$83,425 as payment in full of all system development charges for the Nelson Center parcel. Commissioner Higgins seconded the motion.

Vote on Motion

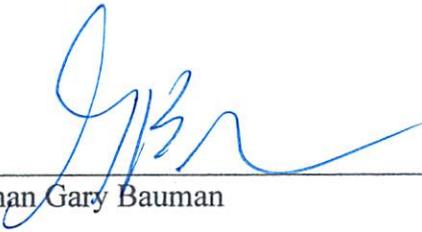
Member	Yes	No	Other
Chairman Bauman	X		
Commissioner Hammaker	X		
Commissioner Higgins	X		
Commissioner Tobin	X		
Commissioner Bullock	X		

Motion passed 5 to 0

ADJOURNMENT

The KLWTD Board adjourned the Board Meeting at 6:20 PM.

The KLWTD meeting minutes of February 19, 2008 were approved on April 1, 2008.



Chairman Gary Bauman



Carol Walker, CMC
District Clerk